

EXECUTIVE OFFICER'S REPORT

To The
Local Agency Formation Commission

TO:

COMMISSIONERS

Michael W. Kelley, Chair [Supervisor]
David H. West, Vice-Chair [Public]
Ray Castillo [Supervisor]
Maria Nava-Froelich [City]
Javier Moreno [City]

ALTERNATE

Jesus E. Escobar [Supervisor]
Robert Amparano [City]
Jose Landeros [Public]

REPORT DATE: February 9, 2022

FROM: Jurg Heuberger, Executive Officer



PROJECT: Draft Budget Fiscal Year 2022-2023

HEARING DATE: FEBRUARY 24, 2022 **TIME:** 08:30 A.M.

AGENDA ITEM NO: 10

HEARING LOCATION: El Centro City Council Chambers, 1275 Main St., El Centro, CA 92243

RECOMMENDATION(S) BY THE EXECUTIVE OFFICER (In Summary & Order)

OPTION #1: Approve the proposed DRAFT Budget for Fiscal Year 2022-2023 as required by CKH.

OPTION #2: Approve the proposed DRAFT Budget for Fiscal Year 2022-2023 as amended and required by CKH.

ANAYLSIS/REPORT

The Commission, per state regulation is required on an annual basis to adopt a DRAFT and ultimately a FINAL budget to carry on the functions of the Local Agency Formation Commission for the following fiscal year.

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 Government Code Section 56381:

a) The Commission shall adopt annually, following noticed public hearings, a proposed budget by May 1st and a final budget by June 15th. **At a minimum the proposed and final budget shall be equal to the budget adopted for the previous fiscal year** unless the Commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit the proposed and final budget to the Board of Supervisors, to each City, and each Independent Special District.

Attached hereto you will find the DRAFT budget as "EXHIBIT A Option 1A" in the amount of \$ **683,249**, **which is the same as last year** and "EXHIBIT A Option 1B" in the amount of **\$798,006** for fiscal year **2022-2023** prepared by staff pursuant to the Cortese-Knox-Hertzberg Reorganization Act, also known as Government Code 56000 et seq.

As noted above, the Commission must adopt a **draft budget by May 1, 2022** and a **final budget by June 15, 2022** and the Commission shall adopt at a minimum budget equal to the previous years budget unless the Commission can make specific findings. This proposed budget is presented in February and will be presented as final in May in order to meet the statutory deadlines without having to hold a special meeting in June. In preparation of this budget, staff reviewed the current budget, the current expenditures and the anticipated or projected cost that LAFCO would incur during the next fiscal year.

EXHIBIT "A" Option 1A represents the budget in the amount of \$683,249 which is the same as last year with some minor adjustments in various line items while still maintaining the same budget as the prior year.

EXHIBIT "A" Option 1B represents the proposed budget of \$798,006 reflecting estimated cost increases of bringing on a full time Executive Officer for a 6-month transitional period.

POLICY ISSUES:

The Commission approved establishing a reserves litigation and emergency contingency fund.

Litigation: We currently have set aside \$40,000 in reserves for said fund. We are not requesting an increase; this is only a reminder that it is there in case we need it.

Contingency We currently have set aside \$360,000 in reserves for said fund.

Emergency: We have additional available reserves which staff may recommend utilizing to increase policy minimum retention and to offset operational costs; therefore, reducing or minimizing contributions from agencies.

GENERAL LINE-ITEM Changes from Prior Year (EXHIBIT A Option1A):

82-2001 LAFCO SALARIES:

Increase is to cover merit adjustments.

82-2035 LAFCO EMPLOYEE BENEFITS:

Increase reflects the uncontrollable mandated ongoing increase tied to the salaries for benefits including retirement, health insurance, workers comp ect...

82-2100 INSURANCE PROPERTY:

Slight increase due to anticipated increase in policy premiums.

82-2101 INSURANCE LIABILITY:

Slight increase due to anticipated increase in policy premiums.

82-2180 PROF. & SPEC. SERVICE (OTHER):

Slight increase to accommodate actual contract.

1122 R & M REMODELING EXPENSES:

Decease due to having building upgrades partially completed in prior year.

1122 UTILITIES:

Slight increase to accommodate actual contract.

EXECUTIVE OFFICERS RECOMMENDATION

It is the recommendation of the Executive Officer that LAFCO conduct a public hearing and consider all information presented in both written and oral form. The Executive Officer then recommends, assuming no significant public input warrants to the contrary, that LAFCO take the following action:

OPTION #1: Approve the proposed DRAFT Budget for Fiscal Year 2022-2023 as required by CKH.

Attachments:

EXHIBIT A: DRAFT BUDGET FISCAL YEAR 2022-2023

CC: County of Imperial, CEO
County of Imperial, Clerk to the Board
City of Brawley, City Manager
City of Calexico, City Manager
City of Calipatria, City Manager
City of El Centro, City Manager
City of Holtville, City Manager
City of Imperial, City Manager
City of Westmorland, City Manager
Independent Special Districts

LAFCO's Proposed "DRAFT" BUDGET FOR FISCAL 2022-2023

EXHIBIT A

Option 1A Option 1B

	Fiscal 2020-2021 Adopted Budget (approved 4/23/20 - adjusted @ 5/27/21)	Fiscal 2021-2022 Adopted Budget (approved 5/27/2021)	preliminary actuals @ 2/7/22	estimates for year end 6/30/22	Draft Proposal Fiscal 2022- 2023	Draft Proposal Fiscal 2022-2023 (with 6 months full time EO)
Income						
81-1928 CONTRB FROM OTHER AGENCIES (Cities)	253,978	253,978	253,978	253,978	253,978	253,978
81-1933 COUNTY MATCHING FUNDS	253,978	253,978	253,978	253,978	253,978	253,978
81-1808 LAFCO FEES	30,000	20,000	20,979	23,979	40,000 a	40,000
RENTS - 1122 STATE	42,884	37,056	25,080	41,148	31,632 b	31,632
*CONTINGENCY - EMERGENCY RESERVES	102,409	118,237		40,399	103,661 c	218,418
INTEREST INCOME	0	0	1,571	2,371	0	0
OTHER INCOME	0	0	1,206	1,206	0	0
Total Income	683,249	683,249	556,792	617,059	683,249	798,006
Expenses						
82-2001 LAFCO SALARIES	253,036	273,493	147,801	269,405	281,958 d	355,458 A
82-2035 LAFCO EMPLOYEE BENEFITS	124,119	134,780	61,939	115,030	139,715 d	180,972 A
82-2036 COMMISSIONER STIPEND	4,500	4,500	900	3,400	4,500	4,500
82-2060 COMMUNICATIONS	5,040	5,040	2,124	4,998	5,040	5,040
82-2100 INSURANCE PROPERTY	5,800	6,264	0	6,264	6,900 e	6,900
82-2101 INSURANCE LIABILITY	10,500	11,340	11,005	11,005	12,500 e	12,500
82-2120 MAINTANCE -EQUIPMENT	7,000	7,000	1,747	7,018	7,000	7,000
82-2150 MEMBERSHIPS	6,100	6,100	0	6,100	6,100	6,100
82-2170 OFFICE EXPENSE (Office Supplies)	16,000	16,000	6,618	15,736	16,000	16,000
82-2170 OFFICE EXPENSE (Electronics)	16,000	16,000	2,566	15,133	16,000	16,000
82-2170 OFFICE EXPENSE (Software & Licenses)	10,000	10,000	3,082	9,714	10,000	10,000
82-2170 OFFICE EXPENSE (Furnishings)	1,000	1,000	0	1,000	1,000	1,000
82-2180 PROF & SPEC SERVICES-Legal	15,000	20,000	6,000	15,000	20,000	20,000
82-2180 PROF & SPEC SERVICES - Other (Annual Audit & Paychex)	21,000	22,000	12,747	19,695	23,000 f	23,000
82-2181 PROF & SPEC SERV-DATA PROCESSING/NETWORK	26,000	26,000	8,240	21,480	26,000	26,000
82-2182 PROF & SPEC SERV-OTHER (GIS/CAED)	15,000	8,000	0	8,000	8,000	8,000
82-2190 PUBLIC & LEGAL NOTICES	2,400	3,600	1,827	3,653	3,600	3,600
82-2200 RENTS & LEASES-EQUIPMENT	4,700	4,700	3,000	4,770	4,700	4,700
82-2230 SPECIAL DEPARTMENT EXPENSE	3,400	3,400	97	1,597	3,400	3,400
82-2251 TRAVEL IN COUNTY	500	500	0	500	500	500
82-2252 TRAVEL OUT OF COUNTY	32,609	32,609	20	11,584	32,609	32,609
82-4300 CAPITAL OUTLAY	0	0	0	0	0	0
1122 REPAIR & MAINT COSTS/ONGOING EXPENSE	22,520	22,520	3,777	17,055	22,520	22,520
1122 REPAIR & MAINT COSTS/REMODEL	7,025	27,403	0	27,403	9,106 g	9,106
1122 UTILITIES	21,000	21,000	10,759	21,519	23,100 f	23,100
*CONTINGENCY - EMERGENCY RESERVES	53,000	0	0	0	0	0
Total Expenses	683,249	683,249	284,250	617,059	683,249	798,006

Projected Reserves :

Litigation Fund	40,000
Contingency - Emergency Fund	360,000
Reserved for drawdowns to fund fiscal 2022	118,237
Unreserved Balance for funding fiscal 2023	211,186

Notes (Fiscal 2022/2023 Draft Proposal)

- a Anticipating increase in project revenue / includes 20k for IID rate study
 - b Reduction for potential vacancies - 6 months 2 suites
 - c Use of fund balance carry forward to balance budget
 - d Estimated merit increases & ongoing cost increases for employment benefits
 - e Estimate increases for insurance premiums
 - f Estimated increase to accommodate actual contracts
 - g Reduction due to anticipating having suites & restroom upgrades partially completed in prior fiscal year.
- A Includes 6 months salary and benefits for a fulltime Executive Officer

LAFCO Estimated Annual Cost of Salaries and Benefits for 2022/2023

EXHIBIT A

Position	Salary (as budgeted FYE 6-30-22)	Proposal for FYE 6/30/23	Retirement	Estimated Medical, Dental, Vision, AD&D, Life	Estimated W/comp	Medicare (Employer's portion)	FICA (Employer's portion)	Estimated State Unemployment	TOTAL Estimated Employment Costs
Executive Officer	61,000	61,000	n/a	n/a	1,812	885	3,782	112	67,590
Analyst/Accountant	91,499	93,787	36,802	18,110	516	1,360	0	112	150,687
Analyst/Clerk	80,662	82,680	32,444	18,110	455	1,199	0	112	134,999
Clerk (6 months)	21,091	21,091	8,276	9,055	116	306	0	112	38,956
Building Maintenance	19,240	23,400	n/a	n/a	4,139	339	1,451	112	29,442
	<u>\$ 273,493</u>	<u>\$ 281,958</u>	<u>\$ 77,522</u>	<u>\$ 45,274</u>	<u>\$ 7,038</u>	<u>\$ 4,088</u>	<u>\$ 5,233</u>	<u>\$ 560</u>	<u>\$ 421,673</u>
Full Time Employee - Executive Officer \$147,00 per year									
Fiscal 2022-2023 budget for 6 months		<u>\$ 73,500</u>	<u>\$ 28,841</u>	<u>\$ 9,055</u>	<u>\$ 2,183</u>	<u>\$ 1,066</u>	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 114,757</u>

Retirement components
 Health / medical 13.33%
 Pension bond 2.337%
 Employer 23.57%